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Your Majesty the King,  
Speaker of the National Assembly,  
Chairman of the National Council,  
Leader of the Opposition Party,  
Members of Parliament, and  
Fellow citizens.

It is, indeed, a great honour and privilege to present the State of the Nation to His Majesty the Druk Gyalpo and the Parliament as prescribed by Article 10 Section 10 of the Constitution of our great country.

I thank the Speaker, the Chairman of the National Council, the Leader of the Opposition Party and the Members of Parliament for the opportunity. I would also like to thank the guests and the people watching the session live on the national television.

This year is an auspicious and most joyous for the people of Bhutan:

- a. *One*, it is the special year of Birth Anniversary of Guru Rimpoche.
- b. *Two*, it is 400<sup>th</sup> Anniversary of Zhabdrung Ngawang Namgyal's arrival in Bhutan.
- c. *Three*, it is the year of Royal Birth and the arrival of His Royal Highness the Gyalsey Jigme Namgyel Wangchuck.

And, I am most honored to present the State of the *Palden Drukpa* on this very special year.

The State of our Nation from various international surveys show that this year:

- i. Our economy is the third fastest growing economy in the world (International Monetary Fund's World Economic Outlook) out of 196 countries. It is rejoicing to note that our economy is estimated to be growing at 8.4% particularly when the global economy as a whole is at 3.4% only.
- ii. Our country is ranked 71<sup>st</sup> out of 189 countries in the *Ease of Doing Business*

(World Bank's study). In 2014, our country was ranked 125<sup>th</sup> out of 189 countries. It has moved up by 54 places. World Bank's study on the *Ease of Doing Business* sheds light on how easy or difficult it is for a local entrepreneur to open and run a small to medium-size business when complying with relevant regulations. It measures and tracks changes in regulations affecting 11 areas in the life cycle of a business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labor market regulation. The indicators are used to analyze economic outcomes and identify what reforms have worked, where and why.

- iii. Our country is the 27<sup>th</sup> least corrupt country out of 175 countries (Transparency International). Corruption Perceptions Index ranks countries and territories based on how corrupt their public sector is perceived to be and it indicates its position relative to other countries and territories.
- iv. Our country is ranked 94<sup>th</sup> out of 180 countries in *World Press Freedom Index 2016*. The report, which measures the level of freedom of information in 180 countries, published annually since 2002, measures the level of freedom available to journalists in 180 countries using the criteria of pluralism, media independence, media environment and self-censorship, legislative environment, transparency, infrastructure and abuses.
- v. Our country is ranked 13<sup>th</sup> most peaceful country in the world out of 163 countries (10<sup>th</sup> edition of the Global Peace Index). The Institute for Economics and Peace, a global think tank produces the index. The index gauges global peace using three broad themes: level of safety and security in society, the extent of domestic or international conflict, and the degree of militarization.
- vi. Our country is ranked 84<sup>th</sup> out of 157 countries (*United Nations Happiness Report 2016*). People who live in the happiest countries have longer life expectancies, more social support and more freedom to make life choices. They have lower corruption incidences and experience more generosity and have a higher gross domestic product per capita.

These international studies show that:

- a. *One*, our economy is doing well.
- b. *Two*, corruption is not deeply rooted.
- c. *Three*, our country is one of the most peaceful countries and a secured nation.
- d. *Four*, the State of our Nation is good.

However, we all know that our country belongs to a stream of civilization where the explicit purpose of the government is to create enabling conditions for our citizens to pursue happiness. Gross National Happiness or GNH is most important for Bhutan mainly because:

- a. His Majesty the Fourth Druk Gyalpo has gifted Gross National Happiness to His people,
- b. Gross National Happiness is more holistic and important than Gross National Product,
- c. Gross National Happiness is development with values,
- d. The end objective of GNH is to ensure that we have a just, equal and harmonious society, and
- e. Our sacred Constitution stipulates “*The State shall strive to promote those conditions that will enable the pursuit of Gross National Happiness.*”

So, for us, it is more important to know the situation of GNH. The Center for Bhutan Studies and GNH Research has conducted the second GNH survey last year. Therefore, I take the opportunity to present this year’s State of the Nation based on the findings of the 2015 GNH survey.

The GNH survey shows that overall; our people are happy and compared with the 2010 survey, more of our people are happy. The survey results indicate what we all know and experience. That is, we are enjoying happiness in the country. The reasons for increased happiness are because:

- a. Our country was blessed by Guru Rimpoche and Zhabdrung Ngawang

Namgyel,

- b. We continue to take refuge in our protecting deities,
- c. Of continued prayers and *kurim* performed by His Holiness the Je Khen Rinpoche,
- d. Of our good fortune and collective merits.

Above all, the main reason for our sustained and increased happiness is mainly because of our monarchy, especially His Majesty the King.

## OUR KING

The Institution of Monarchy is the bedrock of our nation. It is the ultimate creator and holder of our national strength, unity, identity and sovereignty. Therefore, it is indispensable, inviolable and sacrosanct. This sacred institution has always steered our nation on the path of hope, optimism, progress, peace and happiness. Therefore, the continuity and perpetuity of the institution of Monarchy is an important factor for the survival of Palden Drukpa under the reign of our benevolent monarchs in the changing socio-politico milieu.

His Majesty the King is the life force of Bhutan and wish-fulfilling Jewel of Bhutanese people. Because of His Majesty the King, we have a lot to be happy about:

- a. *One*, our country is secure and sovereign.
- b. *Two*, our people are becoming more prosperous. His Majesty has stated several times that progress is more important than prosperity.
- c. *Three*, our people are happy and living in harmony.
- d. *Four* and most importantly, we are most happy this year because of the birth of HRH the Gyalsey Jigme Namgyel Wangchuck. Our beloved Gyalsey was born on 5 February 2016 on a very auspicious day. His Majesty has commanded that the Gyalsey is “people’s son.” Today, our Gyalsey is exactly five months and He is already working. He is touring the country with His Yab.

The Royal Birth of His Royal Highness The Gyalsey brought together the people of the entire country in happiness and togetherness. With His Majesty’s guidance, the entire country carried out, instead of lavish celebrations, spiritual acts that would benefit the entire country and the people. Nangtens were restored, chortens built, sacred places blessed, and a new hindu temple in Samtse, built by His Majesty, consecrated. The rebuilding of the Drukgyal Dzong commenced. All the work carried out following the Royal Birth under the guidance of His Majesty, greatly revived the spiritual wealth and cultural heritage of Bhutan. His Majesty granted six sandalwood boxes to Chari to be used for the storage of precious relics of the Zhabdrung, and personally carried one of the 55 kg sandalwood boxes all the way up. Such an act by the King would result in karmic benefits that would be magnified

manifold, for the benefit of sentient beings and especially the people of Bhutan. On behalf of the people of Bhutan, I thank His Majesty the King and Her Majesty the Gyalsuen for this precious gift to the people of Bhutan.

Last year, we celebrated the 60<sup>th</sup> Birth Anniversary of His Majesty the Fourth Druk Gyalpo. It was celebrated in a manner that allowed the Bhutanese to express their deep gratitude and offer tribute to our beloved Drukgyal Zhipa. His Majesty's Address to the nation was a tribute as well as an inspiration for the people to look ahead and continue to build upon the achievements of His Majesty the Fourth Druk Gyalpo. The announcement of the Royal Birth brought great happiness to the people.

As a small country, security of our nation is very important. Bhutanese are happy mainly because we enjoy peace and security. We are secure both externally and internally because of His Majesty's leadership and hard work.

I thank the armed forces for continuing to keep our country safe and most secured. In pursuit of keeping our nation safe, our armed forces risk their own lives.

I take the opportunity to offer our deepest gratitude to His Majesty the King for recognizing the hardships faced by our armed forces as always and therefore increasing their salaries. It is my humble pleasure to announce that the government has increased pension and provident fund (PF) contributions for the armed forces. The increased contributions not including salary will cost Nu.112 million per year to the national exchequer. But it is necessary because it will be beneficial to the retired soldiers and their families.

Our peacekeeping engagement is a historic and far-reaching initiative taken by His Majesty the King. It has earned the goodwill and support of the United Nations and its members by establishing Bhutan as a willing and committed partner for peace and security. We proudly joined the fraternity of nations participating in UN peacekeeping operations in September 2014 with the deployment of a Military Observer at the UN Truce Supervision Organization (UNTSO) Mission in the Middle East and two Staff Officers at the UN Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA). Today, there are 48 Bhutanese peacekeepers on the ground, both military and police serving in 10

of the 16 peacekeeping missions, with 17 peacekeepers having already successfully completed their assignment. I wish to thank all our peacekeepers for their service, and for representing His Majesty the King, the country and the people of Bhutan.

In keeping with our abiding commitment to deepen and broaden our engagement in UN Peacekeeping Operations, we have now pledged to contribute a military contingent of 150-200 troops by the end of 2016 or early 2017. In preparation, the peacekeeping contingent from the Royal Bhutan Army has been undergoing various trainings as per UN standards and guidelines for peacekeeping operations.

Bhutan remains committed to work with the international community in a spirit of partnership and cooperation. Although we are a new troop and police contributing country, we are confident that we can succeed in making Bhutan a reliable, professional and committed troop and police contributing country that is respected by all.

At home, all people are grateful and fortunate for His Majesty's leadership. Internationally, His Majesty is well known and popular as the "Peoples' King". That is why, many people are visiting Bhutan. In the last one year alone, there were many high level visits. The most significant high-level visits included:

- a. England: Prince William and Kate Middleton in April 2016
- b. Saudi Arabia: Prince Alwaleed bin Talal in May 2016
- c. Thailand: Princess Mahachakri Sirindhorn in May 2016 and Princess Bajrakitiyabha Mahidol in March 2016
- d. Sweden: His Majesty the King Carl XVI Gustaf and Queen Silvia in June 2016
- e. Bangladesh: President Md. Abdul Hamid in July 2016

I thank His Majesty the King for strengthening our diplomatic relations with India. Under His Majesty's guidance, the government will be initiating the following:

- a. Strengthening and expanding Royal Bhutanese Embassy in New Delhi.
- b. Opening Royal Bhutanese Consulate in Guwahati, Assam within this year. This will further improve relations with India and especially with the people

and State Government of Assam. This is an important initiative for the whole eastern Dzongkhags.

I also thank His Majesty the King for strengthening relations with other countries. Under His Majesty's guidance, the government is working on the following:

- a. Constructing the chancery building for Royal Bhutanese Embassy in Bangkok, Thailand
- b. Constructing chancery building and residences for Royal Bhutanese Embassy in Dhaka, Bangladesh.

On behalf of the people of Bhutan, I thank Her Majesty the Gyaltshen for serving His Majesty, taking good care of our beloved Gyalsey and also providing Royal patronage for the cause of disability, health, environment and women. Under Her Majesty's leadership, the *One Gewog One Product* (OGOP) initiative is doing well. The first OGOP outlet centre has been set up in Changangkha and this project helps local communities market their produce and products with the vision of empowering communities economically.

## GNH SURVEY

The Center for Bhutan Studies and GNH Research has conducted the GNH survey last year between January and May. A total of 7,153 Bhutanese were interviewed with a response rate of 81%. The interview covered both rural and urban residents, men and women, youth and elderly, farmers, civil servants, businessmen, students, LG members, armed forces personnel and monks. To carry out the nation-wide survey, 66 college graduates were recruited as enumerators and on average, each interview took close to two hours.

The survey studied nine different domains that contribute to a person's happiness. It measured people's perception of GNH.

- a. *Living standards* – material comforts measured by income, financial security, housing, asset ownership.
- b. *Health* – both physical and mental health.
- c. *Education* – types of knowledge, values and skills.
- d. *Good governance* – how people perceive government functions.
- e. *Ecological diversity and resilience* – peoples' perception on environment.
- f. *Time use* – how much time is spent on work, non-work, sleep; work-life balance.
- g. *Psychological wellbeing* – quality of life, life satisfaction and spirituality.
- h. *Cultural diversity and resilience* – strength of cultural traditions and festivals.
- i. *Community vitality* – relationships and interaction within community, social cohesion and volunteerism.

The 2015 GNH survey shows that on the scale of zero to one measurement, happiness of our people has increased from 0.743 in 2010 to 0.756 in 2015. That is, 1.8% overall increase.

- a. 91.2 % of people reported experiencing happiness, and
- b. 43.4% of people said that they are deeply happy.

## GNH SURVEY FINDINGS

The GNH survey provides extensive understanding of our people. While it does not provide about government policies, plans and works it measures people's feeling and perceptions of their happiness. The survey is people centric in that way.

The survey measured 33 different indicators. For example:

- a. People's livelihoods.
- b. Time spent with their neighbours.
- c. Trust on their neighbours.
- d. People's mental health.
- e. Even the time spent for sleeping.

But, the survey also generated some significant general findings and it include:

- a. *One*, our people are healthier.
- b. *Two*, educated people are happier compared to uneducated.
- c. *Three*, living standards have improved.
- d. *Four*, people living in urban areas are happier than those living in rural areas.
- e. *Five*, farmers are less happy than other professions.
- f. *Six*, men are happier than women.
- g. *Seven*, government services need to be improved.
- h. *Eight*, more needs to be done to strengthen our culture and traditions.
- i. *Nine*, people feel less responsible for conserving environment.

I would like to emphasize that it is important for the Government, Parliament, Local Governments, civil servants and civil society organizations to take the GNH survey results seriously. It is also equally important for the communities and, better still, all citizens to learn from the survey findings and improve our lives.

His Majesty the Fourth Druk Gyalpo has gifted us the GNH and rest of the world admires it. It is important for us to practice GNH at home. Therefore, we must take the findings seriously. Otherwise, we risk for just talk of GNH with no serious implementation.

That is why, I choose to present my State of the Nation report this year based on the overall findings of the GNH survey. This is not a government progress report but a status of GNH in our country. Therefore, I will not be reporting on some important programmes.

## **HEALTH**

The GNH survey indicates that health of our people is improving. The number of healthy days is an aggregation of good physical and mental health as reported in the past 30 days. On average, healthy days in general has increased by about two days, from 26.2 days in 2010 to 28.4 days in 2015.

We enjoy free healthcare provided as *kidu* by His Majesty the King. It is government's responsibility to continue and strengthen the free healthcare system for the well-being of our people. That is why:

- a. This financial year, 8.69% of the total budget is allocated to the health sector. That is, Nu 4,505 million for the fiscal year 2016-17.
- b. New hospitals are being built at Dewathang in Samdrupjongkhar, Haa, Tsirang, Samtse and Gelephu.
- c. Most importantly, a new 150-bedded Gyaltsuen Jetsun Pema Mother and Child Hospital is being constructed in Thimphu for the benefit of women and children.

To commemorate the birth of HRH the Gyalsey, the government has already started strengthening mother and childcare units in Jigme Dorji Wangchuck National Referral Hospital (JDWNRH). Epidural service has been introduced in JDWNRH as a gift from Her Majesty the Gyaltsuen to all Bhutanese women.

The demand for traditional medicines is increasing. In order to meet the increase, the government has corporatized Menjong Sorig Pharmaceuticals. The goal is

to make better use of our rich medicinal resources and produce more traditional medicines. Our farmers should grow medicinal plants to meet the increased demand for traditional medicines and thereby generate additional incomes for themselves.

The good news today is that stunting has dropped from 33.5% in 2010 to 21.2% in 2015. But, we still have many children with stunted growth. Therefore, we must correct this situation. The government is looking at ways to provide nutrition supplements to pregnant and breastfeeding mothers. The government has already finalized the Nutrition and Food Strategy and Action Plan to address the situation.

The government has also launched the National Health Promotion Plan and Strategy to ensure that all relevant sectors work together. In addition, the Medical and Health Council Act is being reviewed.

Suicidal death is increasing and it is a great cause for concern for the government. According to *A Study on Reported Suicide Cases in Bhutan* of 2014, every month seven people commit suicide. Also, the 2015 GNH survey shows that population who attempted to commit suicide increased from 17% to 21% in 2015. This is not consistent with a GNH country. Therefore, the government has adopted the National Suicide Prevention Action Plan to address the growing problem of suicide.

One of the major causes of depression and suicide ideation is alcohol. The government has developed the National Policy and Strategic Framework to reduce harmful use of alcohol.

I appeal to all relevant agencies and all people to support the Suicide Prevention Plan and the Policy to Reduce Harmful Use of Alcohol, and most importantly, to reduce consumption of alcohol.

Overall, our people are living longer and also leading healthier life. The 2015 GNH survey shows that for old people healthy days has increased by four days. However, our elderly people continue to need support, and they are not left out without any care. His Majesty the King continues to provide *kidu* support to 814 old people with monthly stipends for a decent living. His Majesty's *kidu* mobile health unit is benefiting our people immensely. Furthermore, a home for old age is being built in Wang Sisina.

## EDUCATION

The GNH survey shows that educated people are happier than uneducated or that of the less educated. Subjective wellbeing is perceived to be higher for educated people compared to the uneducated. The survey also reveals that educated people work less compared to the uneducated.

Education provides opportunity and it is the main social equalizer. Therefore, the government accords high importance to education. I am pleased to report that almost all children are in schools. Currently, the net adjusted primary enrollment rate is 99%. And, more importantly, 72% of those who enter PP complete Class X.

This year's focus of the government is towards improving quality of education. Therefore, 20.05% of the total budget for fiscal year 2016-17 is allocated to education sector. That is, Nu 10,924 million for the fiscal year. I am pleased to report that school reform is progressing well. Two major reforms in education are the establishment of Central Schools and Professional Development of teachers.

### ***Central schools***

Currently, there are 539 schools in the country. Of which, 35 are private owned and 504 government owned schools. These government schools are spread out in all 205 Gewogs. This means that most schools do not have adequate teachers and teaching-learning resources, particularly in smaller rural schools. In addition, there are also 96 Extended Classrooms critically manned by a single teacher at the most.

With so many levels of schools widely spread out over the country, most students change schools several times in their life time. Similarly, teachers also look out for transfers, simply because either their school is small or they face more hardships in remote schools. Under such situation, it becomes challenging for the government to hold anyone accountable for the poor quality of education.

Therefore, the government has initiated the Central School system so that limited resources are consolidated and shared. Under the central school system, a school will have adequate teachers and students will not require moving from one school to another. It enables them to complete secondary education in just one school. More so, both teachers and students will be able to feel and share a sense of belonging to

their school.

However, central school is expensive. This year alone, the government has budgeted Nu.2.976 billion for central schools. But, it is worth investing as rural children will benefit from this noble initiative. The positive side of this initiative is that it will be cheaper in the long run for the government as there will be less school to look after. And, more importantly, quality of education will improve significantly.

I am pleased to report that we already have 51 central schools. The government has received positive feedback from rural communities and request for more central schools. From the next academic year, we will begin eight more and by the end of 11<sup>th</sup> Five Year Plan we will have 60 central schools in the country.

Currently, there are 171,402 students in 539 schools. Of this, 136,557 study outside the four big towns. For them, 120 central schools will be adequate. That means, we will need to have 60 more central schools in the 12<sup>th</sup> Five Year Plan. Having central schools in rural parts of the country will greatly help our rural people. The children studying as dependents in urban schools can move back to rural areas and stay closer to their ancestral homes.

However, for urban areas, we could continue with the same system. I would like to announce today that private schools can now start boarding facilities. In so doing, private schools will require to follow the Guidelines for Private Schools finalized by the Ministry of Education.

I thank Member of Parliaments, Local Governments, Civil Servants and communities for supporting the development of central schools.

Education is provided free of cost to our children. However, there are families who are not even able to afford basic school paraphernalia for their school going children. Nonetheless, such families have always been fortunate to receive His Majesty the King's kidu. As of now, there are already 2,657 Gyalpoi Tozeys and they are provided *kidu* to buy school uniform, stationery and school fees.

Very recently, the government has decided to increase tax deductible ceiling for educational expenses from Nu.50,000 to Nu.150,000 per child per year. This ceiling

was last set in 2001 and was not revised for 15 long years. The ceiling was not enough for those parents who wished to send their children in the best private schools. Therefore, it was high time for the government to increase the tax deductible ceiling.

It is my pleasure to announce that Royal Academy in Paro has started its academic session from this year. The Academy is His Majesty's yet another *soelra* to the people of Bhutan.

The Royal Academy was established with the vision to set standards in teaching learning pedagogies and the curriculum, the essence of which are drawn from our own tradition, culture and values. In the long run the experiences and lessons will promulgate reforms in our education system. These goals are pursued through a new organizational model integrating the school with education research and teacher development centres.

The Academy is cognizant of the fact that education is a key social equalizer and hence emphasis is laid on equity for access to quality education for all. The school was launched in February 2016 with 60 students representing each of the 20 dzongkhags, who are either Gyalpoi Tozay or from socio-economically vulnerable sections.

The Academy also recognizes the fact that quality of our physical space influences the teaching learning experiences. Hence, a modern campus that embraces our traditional architecture and appreciates the natural environment is being developed at Pangbisa.

The philosophy and approach adopted by this Academy are:

- a. "Wholistic" development (five areas of development: the cerebral, emotional, physical, social and the spiritual),
- b. Learning experiences designed in collaboration with students, road maps for both students and teachers along with specific indicators of success.
- c. Creation of new knowledge from the learning experiences will include acquisition of essential skills and attitudes, abilities and values like rigor, resourcefulness, compassion, creativity, resilience and reflection.

- d. Students are expected to exhibit a heightened sense of leadership and citizenship, in essence become compassionate, good human beings.

The Academy will provide a modern, world class Bhutanese education, develop leaders and a cohort of ambassadors of Bhutan's culture and values and integrate Bhutanese values and interconnectedness with learnings from around the world.

### **Teacher development**

There are 8,605 teachers in 539 schools. Most of them are posted in remote schools and they work under difficult conditions. Yet, they work hard for the cause of our future generations.

Last year, during the Birth Anniversary of our beloved King, I requested every teacher to look after a child each with special attention. Today, I am happy to report that some 2,668 teachers took special care of some 4,447 students during the 2015 academic year. The objective was to benefit the vulnerable children or children at risk of dropping out. The yearlong implementation report received from schools indicated that it helped improve children's learning outcomes, brought about positive behavioral change, enhanced psycho-social support and strengthened teacher-student bonding.

I thank all teachers for taking this extra responsibility. It will definitely inculcate a sense of belongingness to school and also guide students to be productive and responsible citizens. I request all teachers to continue with this '*One Teacher One Child adoption*' programme with same continued spirit.

Professional development of teachers is crucial to improving quality of education. Therefore, the academic year 2016 is declared as the "Teacher Development Year". A sum of Nu.117 million has been kept for professional development of teachers. It is 1,300% increase compared to Nu.8 million budgeted last year. During the 10<sup>th</sup> Plan, only Nu.70 million was provided for professional development of teachers.

The Royal Government encourages all teachers to undergo at least 80 hours of training in line with the Teacher Development Policy.

## **Reading**

The academic year 2015 was declared as the National Reading Year. It was a big success indeed. A total of 2,511,512 books were read in just one year. On average each student read about two books per month. I thank all teachers and students, and urge them to keep reading.

From this year, the government has waived off all taxes on books. This is mainly:

- a. *One*, to encourage more people to start book shops.
- b. *Two*, to bring down costs of books to affordable range.
- c. *Three*, to promote reading.

This year, a budget provision of Nu.3 million has been kept to carry out preliminary works to take part in the Programme for International Student Assessment (PISA). PISA is a worldwide study by the OECD of 15-year old school pupils' scholastic performance on mathematics, science and reading. The next common test for 15-year old, regardless of class, is scheduled for 2018. It is held once in three years and we must take part in it.

## **Tertiary education**

Each year, a total of 8,855 students complete higher secondary education. Of them, 4,000 study in Bhutan. The rest of them study in neighboring countries, mainly in India. The Royal Government is expanding tertiary education within Bhutan to accommodate increasing number of students completing higher secondary schools.

Last year, Royal University of Bhutan has introduced degree courses in power engineering at the Jigme Namgyel College of Engineering in Dewathang. Furthermore, the government also decided to establish three new colleges. These colleges will start from 2017 academic year:

- a. College of Zorig Chusum in Trashiyangtse.
- b. Gyelpozhing College of Sciences in Mongar.
- c. Yonphula College of Advanced Studies in Trashigang.

In addition to the above, a school of law named *Jigme Singye Wangchuck School of Law* will be opened in Paro. The ground breaking ceremony for the construction of this new school of law was graced by His Majesty the King recently.

There are many Bhutanese students studying abroad. Currently, 3,556 students are registered with the Ministry of Education as studying in various colleges in India spending on average about Nu 200,000 per student per year. That means, each year a total of Nu.711 million is being spent on education in India alone. This is only for students who have registered and there could be many more not registered with the MoE.

If the quality of education received by our children in colleges abroad is good, it is not much of a concern. But, it is reported that many Bhutanese students are currently studying in low standard colleges. Therefore, the government is expanding existing colleges, and starting new colleges. The government is also encouraging the private sector to start new colleges. I am happy to announce today, that the government has issued in principle, approval for starting three new private colleges.

As of today, there are 136 Gyalpoi Tozeys studying at the undergraduate level. 164 beneficiaries have already graduated and they are currently serving the *Tsa-Wa-Sum*. In addition to it, His Majesty also introduced in-country and ex-country *Kidu* scholarships for performing underprivileged students. As of now, 179 students completed their studies while 209 students are pursuing their studies in various countries, mostly in Thailand and India.

## **LIVING STANDARDS**

In true sense, both material and non-material aspects of life are equally important for the people to attain happiness and wellbeing. That is why, GNH focuses on balancing material and non-material aspects of life.

In the last five years, living standards of our people have increased significantly. For example, in 2010 only 87% of households owned mobile phones. But today, 98% have mobile phones. Television ownership has increased from 51% to 75% households. Similarly, refrigerators ownership has increased from 33% to more than 54% households while vehicles ownership increased from 18% to 24%.

It is a natural tendency that with the increased living standard, people import more. In 2015 alone, over 5,755 vehicles were imported. There are currently 2,154 vehicles in 205 gewogs, mostly Boleros.

### ***Water supply and sanitation***

The GNH survey also reveals that the percentage of population having access to safe drinking water and improved sanitation has increased.

Currently, 97.7% of our people have access to safe drinking water. But we need to keep maintaining and protecting the water sources. Last year, the government has spent Nu.321 million and this year, Nu.388 million has been budgeted for rural water supply schemes. This is expected to ensure access for last mile communities and also to restore existing facilities.

Today, 68% of households have access to improved sanitation. Here, we need to build more. More importantly, we also need to promote the use of improved sanitary facilities. Bhutan Toilet Organization, a voluntary group, is doing its best by setting and maintaining public toilets during major national events. We must salute this group and draw inspirations from them.

### ***Access to electricity***

Much progress has been made in pursuit of rural electrification. Currently, 99% of households have access to grid electricity. Rural electrification of remaining households is on-going and the delays were mainly due to difficult terrain, delays in farm road construction, extreme weather and fleeing of non-national workers from the work sites. Villages in Laya in Gasa, Bardo and Shingkar in Zhemgang, Dorona in Dagana, Athang in Wangdue and Jigmecholing in Sarpang are being connected this year.

### ***Rural homes***

Out of a total of 85,261 households, 76,535<sup>1</sup> households have roofs with corrugated galvanized iron (CGI) sheets, which is close to 90%. This indicator shows that standard of living has increased significantly.

However, the cost of living has also increased over time. Inflation has driven up the

<sup>1</sup> Information collected from all 20 Dzongkhags

costs of goods and services, mostly posing difficulties to people in the lower income group. Therefore, the Royal Government has decided to enhance tax exemption base from Nu.100,000 to Nu.200,000. The increase in the tax exemption base will help all tax payers, especially the lower income group. In a nutshell, this will benefit 71,408 tax payers who file their personal income taxes every year and 46,105 tax payers will not have to pay any tax with effect from the 2016 income year. This is His Majesty's *soelra* to our people to commemorate the Royal Birth of Gyalsey.

### ***Affordable housing***

The government is concerned of the safety of our people living across the border in Jaigaon, West Bengal. It is estimated that some 1,754 families currently reside across the border mainly due to lack of affordable housing in Phuentsholing. It is difficult for these families and approximately, there is an outflow of INR 108 million per year on account of rent and utility bills being paid by them.

The Royal Government has identified 17.30 acres of land in Phuentsholing to build affordable homes for these people. The special committee is working to build 72 buildings with about 500 units and the project will begin this year. The government would like to encourage private sector to build low-income housing in the urban centers.

### ***Economy***

The state of our country's economy is important to sustain living standards of our people. I am happy to report that the fundamental of our economy is strong. This year, GDP growth is projected to grow at 8.4% by IMF. This apparently is good news for us, especially when the world economy is struggling. The Ministry of Finance has projected GDP growth rate of 7.7% for 2016. The signs of economic growth are visible to us:

- a. *One*, import of goods is increasing. For example, from July 2013 to May 2016, we imported 11,343 private vehicles. The import increased by 17% over the 10<sup>th</sup> Five Year Plan.
- b. *Two*, Rupee situation has improved and we have INR exchange counters opened in the border towns.

- c. *Three*, domestic revenue, particularly tax revenue, is increasing. It is a clear sign that more people are getting involved in formal economy with more businesses and also businesses doing better. Domestic revenue surpassed projected revenue for the first three years (2013-16) of 11<sup>th</sup> Five Year Plan by about Nu 8 billion. I thank all tax payers for their hard works. Our business firms worked hard to generate more profits and in so doing, they are contributing more towards nation building in the form of increased tax amounts. The Royal Government has recently established two new State-Owned-Enterprises (SOEs) – Bhutan Duty Free Ltd. and Royal Bhutan Lottery Ltd. These two SOEs are expected to generate additional domestic revenue to the national exchequer.
- d. *Four*, number of jobs created is increasing. In 2015-16 alone, the government has created over 5,018 jobs in total:
- i) 3,579 jobs in private, corporate and government sectors.
  - ii) 1,439 jobs in overseas countries.
- e. *Five*, gross international reserve is increasing. As of now, total foreign exchange reserve stands at 1,116.39 million USD, of which 832.36 million is in USD and 19,077.71 million in INR. The reserve is sufficient to meet import of essential items for 27.93 months. In order to address the INR demand and to maintain the one-to-one parity between Indian Rupees and Bhutanese Ngultrum, Royal Monetary Authority has opened adequate INR cash counters in January 2016 for both Bhutanese travelling to India and for Indian merchants trading at the border town. Opening of counters has helped to maintain the confidence of the parity.

Our economy is doing well. However, we cannot afford to remain complacent. As a small economy with smaller economic base, we need to be extra cautious. We need to work hard and earn more.

### ***Public debt***

Today, total loan outstanding stands at Nu.140 billion. Most of this loan is hydropower loan with Nu.105 billion or 75% of total loan. We need to be careful with this type of loan. Hydroelectric projects must be implemented without delays and cost overrun. Once these projects are completed, earnings made through export of electricity will take care of loan repayment. I am happy to report that Kurichhu

Hydropower Plant has made its final payment last year and now Kurichu plant is loan free. Outstanding loan of Tala hydropower plant will be cleared by 2018.

The outstanding non-hydro loan is Nu 35 billion. Of this, commercial loan is Nu 13.5 billion and these are loans availed for Bhutan Power Corporation, Bhutan Development Bank Limited, Bhutan Telecom, Dungsam and RMA. The respective companies will repay these loans.

The remaining outstanding loan of Nu 21.5 billion is what has been borrowed for non-commercial development works. These are mainly concessional loans availed from ADB, World Bank and IFAD. This is what government must pay back and this is what we must be very careful with.

The Royal Government has finalized Public Debt Policy to ensure that government now and in future cannot borrow indiscriminately, placing burden on the future generations.

### ***Trade deficit***

Trade deficit is another area where we need to be careful. As of now, trade deficit is Nu 32.808 billion. Currently, the deficit is more than covered by external grant aid. This is not sustainable in the long run. Therefore, we need to work hard and produce more. We need to increase domestic productivity and the government continues to focus on five economic jewels: Hydropower, Agriculture, Tourism, Cottage and Small Industries and Mining.

### ***Jewel 1: Hydropower***

The development of hydropower remains the backbone of our economy. The total hydropower generation capacity is 30,000 MW out of which 23,760 MW is economically feasible. As of now, the total installed capacity is only 1,606 MW and it has generated 7,382 million units in 2015. The revenue accrued to the government was Nu.7 billion. The revenue is expected to increase next year with the completion of rectification works for 126 MW Dagachhu hydropower plant in April 2016.

I am happy to report that despite some delays and challenges, all five hydropower projects under construction are on track making good progress. With the completion of these projects, a total of 3,658MW of hydropower capacity will be added to the

existing installed capacity of 1,606 MW:

- a. 720MW Mangdechhu hydroelectric project is on schedule to complete and commission by March 2018.
- b. 1,020MW Punatshangchhu hydroelectric project II will be completed and commissioned by June, 2018.
- c. 1,200MW Punatshangchhu hydroelectric project I will be completed by July, 2019.
- d. Work on 600MW Kholongchhu hydroelectric project has begun. This project will help develop eastern Bhutan.
- e. Work on 118 MW Nikachhu hydroelectric project has also begun.

Hydropower development is the cornerstone of India-Bhutan relationship. We are grateful to the Government of India for its continued support.

The government has approved the Domestic Electricity Tariff Policy, which is expected to help improve the system of determining electricity tariff for domestic consumers.

### ***Jewel 2: Agriculture***

The GNH survey shows that our farmers are less happy compared with people in the other professions. This is mainly because they face long working hours under unpredictable weather conditions and also because of damage to crops and livestock by wildlife. For example, 70% of farmers reported that their crops were damaged by wildlife and 12% reported of having loss their livestock to wildlife. Compared with the findings of 2010 survey, the damage caused by wildlife has come down. But it continues to be a big problem for the farmers. As a result, only 33% of farmers reported that they were “GNH happy” when compared to 72% of LG members and 64% of civil servants.

According to Bhutan Living Standard Survey (BLSS) 2012, 70% of our people are farmers. For them, land is indispensable to practice farming and rear livestock. But land in Bhutan is a scarce resource. Only 7% of total area (or 664,000 acres) is cultivable!

His Majesty continues to grant land *kidu* to our farmers. Till date, His Majesty has granted 136,474 acres of land *kidu* to 110,455 people throughout the country. His Majesty has commanded for second phase of land *kidu* programme for those people who missed the *kidu* during the first phase. The Royal Government at the same time is also earnestly implementing many policies and plans to improve agricultural productivity and profitability of farming. A few examples are:

a. *Land*

The Royal Government is paying compensation for *tsamdros* taken over by the state as per the Land Act. So far, the government has compensated Nu.119 million for *tsamdros* in 17 Dzongkhags. The National Land Commission and MoAF is finalizing rules to lease *tsamdros*. In the meantime, people can apply to their respective Dzongkhag Administrations for holding *tsamdros* on lease-hold basis.

His Majesty the King has commanded to provide more land on lease-hold basis to farmers for specific farming purposes. Land on lease can be renewed as long as the purpose is met and the land is made best use for increased farm productivity.

b. *Farm roads*

The government continues to focus on constructing and maintaining farm roads for the benefit of our farmers. (Details are provided in the subsequent part of the report).

c. *Irrigation*

The government has constructed and renovated almost 500 km of irrigation since 2013 catering to 14,620 acres and benefiting 10,406 households.

d. *Seeds and seedlings*

In order to increase production of vegetables, cereals and cash crops the government has distributed 731,000 kgs of seeds - vegetables, oil seeds, potato and cereal – and 84,000 seedlings of fruit plants in the last one year.

e. *Green houses*

The government has distributed 1,506 green houses so far. Last year alone 880 green houses were supplied. These green houses are to be used mainly for vegetable production. And indeed, vegetable production has increased from 46,747 MT in

2013 to 49,519 MT in 2015.

*f. Farm mechanization*

In 2013, 48 Gewogs did not have any power tiller although the programme for distribution of power tillers was started in 1984. As of now, 462 power tillers have been distributed all over the country. Today, every gewog has at least one power tiller. The government will accelerate distribution of additional power tillers to the chiwogs. We have already trained 150 people to operate power tillers.

Given that our farmers mostly practice subsistence farming and also that our farmers are resource trapped, majority of farmers cannot afford to own farm machineries. Thus, access to subsidized farm machinery services is critical to make farming attractive and increasing productivity to attain sufficiency in agriculture production. The government has corporatized farm machinery hiring services of the Agricultural Machinery Center and established as a new SOE named *Farm Machinery Corporation of Bhutan Ltd.* The SOE will expand its operations to cover over 55,000 acres of farm land in all 205 Gewogs nationwide by the end of 11<sup>th</sup> Five Year Plan. It will deliver faster and better services to the farmers.

*g. Electric fencing*

In the last three years, the government has installed 1,236 km of electric fences covering 7,698 acres and benefiting 6,638 households.

The government will accelerate electric fencing. The target is to cover all Chiwogs. But, we need to prioritize the Chiwogs based on community contributions, use of Gewog Development Grants and Dzongkhag Development Grants, vicinity to protected parks, poverty incidence, etc. While resources and experts will continue to be provided by the government, communities require contributing labour and maintenance.

As a result of continued support from the government, we have achieved increased agricultural productivity. For example:

- a. Cereal productivity increased from 163,830 MT in 2013 to 166,299 MT in 2015.
- b. Vegetable productivity increased from 46,747 MT in 2013 to 49,519 MT in

2015.

Similarly, we have also achieved increased productivity in the livestock sector:

- a. Milk production increased from 30,920 MT in 2013 to 39,844 MT in 2015.
- b. Eggs from 66.374 million in 2013 to 68.695 million in 2015.
- c. Meat from 1,987 MT in 2013 to 2,628 MT in 2015.

In addition to the above, Rural Enterprise Development Corporation Ltd (erstwhile BOiC) with concessional loans have been complementing numerous government plans to support our farmers. So far, Loans worth Nu.424 million have been approved for 2,075 farmers (agro-based projects) and this will further increase agriculture and livestock productivity.

### ***Jewel 3: Tourism***

Tourism continues to be an important industry for Bhutan. As of now, 25,517 people are employed directly (as operators, guides, hotel staff and drivers) in the tourism sector. The sector has contributed Nu.4.3 billion to the economy last year. Nu.1.3 billion was accrued as government revenue in the form of royalty and taxes.

From June 2015 to April 2016, 141,898 tourists visited Bhutan. Of that, 51,656 were international tourists and 90,242 were regional tourists. Tourists from the region are increasing.

Our tourism policy of *High Value, Low Impact* is still valid and important. While we need tourists visiting us, we cannot have too many of them at a time. Our economy is just growing and our limited infrastructure can absorb only a certain number. More tourist arrivals will have adverse impact on our fragile environment and also have a bearing on our local culture.

As much as our people are concerned with the increasing numbers of regional tourists, the government too is equally concerned. Therefore, from this year, the government will roll out package of guidelines and regulations to control the number and to implement “*High Value, Low Impact*” tourism policy.

***Jewel 4: Cottage and Small Industries (CSIs)***

CSIs are important components of our economy. More CSIs means more jobs for our people. It increases productivity, broadens our economic base and also promotes balanced development in the country.

Currently, there are 16,548 CSIs established in the country. Last year alone, 1,355 new CSIs were established. BOiC alone helped establish 269 CSIs by approving loans amounting to Nu.273 million.

Recently, the government has established Rural Enterprise Development Corporation Ltd. (REDCL) as a State Owned Enterprise to encourage SMEs. RMA is finalizing guidelines for SME Banks and REDCL will be established as a SME bank as soon as RMA's guideline is ready and put in place. REDCL will be the country's first and only SME Bank and it will support development of economy throughout the country.

***Jewel 5: Mining***

Mineral deposits are our state resources and the benefits must be shared by citizens of our country. The government has initiated two important developments in the mining sector:

- a. Mineral Development Policy will be finalized this year.
- b. Mineral rent and royalty has been revised after 10 long years. It is expected to enhance revenue to government by Nu.129 million with the increase in mineral rent and royalty for exports of minerals.

The Royal Government will continue to focus and take advantage of economic potentials lying in these five economic jewels. And to do so, the government is strengthening private sector by making business environment more conducive through several interventions:

***a. Enabling business environment***

In 2013, Bhutan's *Ease of Doing Business* ranking was 148<sup>th</sup> out of 185 countries. This ranking is prepared by World Bank and shows how business friendly our government policies and systems are. At that time, the government decided to improve business environment. This government pledged to work hard to improve the *Ease of Doing*

*Business* ranking to best 100. All ministers were given responsibility to improve ease of doing business in their portfolio agencies and this has been included as a mandatory indicator in the Annual Performance Agreement. Today, I am proud to report that World Bank has ranked Bhutan at 71 out of 189 countries. This means that it is now easier to do business in Bhutan, from getting permits and licenses to construction, electrical connection and accessing credit.

But more needs to be done to improve the *Ease of Doing of Business*. And, it can be done. The government will continue to work hard to get to the top 50 countries. I appeal to the private sectors to use the opportunity to expand existing businesses and also to start new businesses.

*b. Enabling legislations*

The Parliament has passed the revised Companies Act recently. With the implementation of the revised Act, registration process for new businesses will be simple and less cumbersome. Minority shareholder rights will be strengthened. The government has renewed India-Bhutan Trade and Transit Agreement. The renewed Agreement will provide complete access to India's big market.

The government is also reviewing the following laws:

- a. Bankruptcy Act.
- b. Mines and Mineral Act.
- c. Copyright Act.
- d. Industrial Property Act.
- e. Bhutan Information, Communication and Media Act.
- f. Road Safety and Transport Act.

*c. Enabling policies*

The Public-Private Partnership (PPP) Policy and the Licensing Policy have been reviewed and revised by the government. These new policies will definitely help the private sector. The PPP Policy provides a framework that outlines the participation of private sector in the development of public infrastructure and services. It opens

new business opportunities for the private sector to invest in infrastructure and services such as schools, hospitals, etc.

The Economic Development Policy (EDP) 2010 has been reviewed and it will be finalized next month. Based on the revised EDP, fiscal incentives for priority areas will be set and announced to the public.

I would like to once again appeal to the private sectors to take advantage of favourable business conditions being created by the government.

*d. Enabling credit*

It is my pleasure to report that the RMA is working with financial institutions to review the interest rates. The government is hopeful that the financial institutions will be able to reduce interest rates on loans. This will have a huge positive impact on the economy in general, and businesses in particular.

Many Bhutanese are working abroad: mostly in America, Australia, Middle East, South East Asia and India. They work hard and send money home to support their families and relatives. I would like to thank them earnestly. But it is difficult and expensive for them to send home remittances. Therefore, I announced last year that the government will make an arrangement for these people to send money to their own accounts in Bhutan. And, I am happy to report that RMA is looking at allowing them to own foreign currency accounts. It will make transferring of money easier for Bhutanese working abroad.

## **RURAL DEVELOPMENT**

The GNH survey shows that rural people are less happy compared with urban people. Poverty is higher in rural areas at 32%. Stunting is also higher in rural areas (26.1% versus 16% in urban).

The Royal Government is deeply concerned with the current situation mainly because 70% of our people live in rural areas. Rural-urban migration is increasing and along with it, the number of *gung-tongs* (empty house holds) is also increasing. Currently, a total of 4,269 households<sup>2</sup> are registered as *gung-tongs* out of total

<sup>2</sup> Information collected from all 20 Dzongkhags

85,261 households in all 20 Dzongkhags. Of it, 3,097 or 72% of total *gung-tongs* are in six eastern Dzongkhags.

His Majesty is most concerned with the situation and therefore personally visiting all parts of the country to see firsthand difficulties faced by our rural populace. His Majesty has been most graciously granting *kidu* in various forms - land, living allowances for destitute, healthcare services through mobile clinic, disaster relief, rehabilitation of villages, etc. This is why, the government has been focusing on rural development. Here are some of the important plans and policies:

*i. Decentralizing powers and authority to Local Governments*

The government continues to provide Gewog Development Grant every year. From this financial year, the government has started providing Dzongkhag Development Grant. (Details are provided in the subsequent part of the report).

*ii. Focusing on roads*

The government is upgrading the Northern East-West Highway (NEWH) from Semtokha to Trashigang. As of April 2016, 273.00 km of formation cutting, 54 km of base course and 21.5 km of blacktopping has been completed. The project is well on track and quality of works is being monitored at different stages. This national highway is important for stimulating rural development. This financial year, Nu.1.47 billion has been budgeted for this project and the work will be completed before the end of 2017.

In addition to the above, the government has also budgeted Nu.1.16 billion for various other highways:

- a. Nganglam – Gyelpozhing highway.
- b. Dagapela – Dalbari highway.
- c. Gomphu – Panbang highway.
- d. Haa – Samtse highway.
- e. Samtse – Phuentsholing highway.

As of now, 17 Gewog Centres (GCs) are connected with black-topped roads. 87

GCs are located along the highways. This financial year, 77 GC roads will be black topped and for this Nu.1.26 billion has been budgeted. The government would like to caution that GC roads are specifically designed for gewog vehicles to bring down the cost of construction. It is not for large scale logging or large scale quarrying operations to take place alongside the roads.

The government has built 1,540 KM of farm roads at total cost of Nu.1,530 million in the last three years of the 11<sup>th</sup> Five Year Plan. More than 829 KM of farm roads has been maintained at the cost of Nu.960 million during the 11<sup>th</sup> Five Year Plan. This financial year, 813 km will be constructed and Nu.1,261 million has been budgeted for construction and rehabilitation of farm roads.

*iii. Reduced taxes to import utility vehicles*

With living standards improving our people choose to own vehicles for their convenience and utility purposes. Most farmers prefer Boleros or Tata pickup. The Sales Tax and Customs Duty for vehicle was revised in July 2014 and currently total tax rate (sales tax, customs duty and green tax) for import of vehicles for urban areas is in between 55% to 80% based on CCs of vehicles. Whereas, the total tax rate for import of utility vehicles, mainly Boleros and Tata pickup, by rural residents is at 15% (10% sales tax plus 5% green tax). From August 2013 to March 2016, a total of 4,023 utility vehicles were imported. In the past one year alone, 2,075 utility vehicles were imported.

*iv. Providing electricity to all rural households*

According to the GNH survey findings, access to electricity has increased from 79% to 99%. Almost all major villages are provided with electricity. Rural electrification of remaining targeted households are on-going and the delays were mainly due to difficult terrain and delays in farm road construction. This year, Bhutan Power Corporation will be electrifying villages of Laya Gewog (Gasa), Lingzhi and Soe Gewogs (Thimphu), Dorona Gewog (Dagana), Athang Gewog (Wangduephodrang) and Jigmecholing Gewog (Sarpang) among many other smaller villages.

The government has been providing 100 units of electricity per month free of charge to rural homes. It is provided as direct subsidy to rural homes. Over 81,006 households are covered with this subsidy and the government has spent Nu.77 million in the last financial year.

In order to promote energy efficiency, a total of 17,000 Light Emitting Diode (LED) bulbs have been distributed nationwide at subsidized rate with technical assistance from the Government of Norway. The government has spent Nu.4.59 million on account of this initiative.

*v. Mobile connectivity*

The GNH survey shows that in 2010 only 87% of households owned mobile phones. But today, 98% of our population own mobile phones. This means, all 205 Gewogs and most major villages now have access to mobile network. Mobile subscribers till date stands at 675,747.

Remaining unreached villages will be covered under phase IV of the rural mobile connectivity project through the use of Universal Service Fund. Phase IV works has been awarded in September 2015 and it is scheduled for completion by March 2017. This year, 63 villages in 21 Gewogs will be connected.

*vi. Farm shops*

The government has established farm shops in 70 Gewogs. These farm shops sell basic food items, cereals, farming tools, seeds, animal feed, fertilizer, etc. And, more importantly, farm shops buy cereals, vegetables, cardamom, ginger and dairy products from the farmers.

This financial year, 80 farm shops will be established and by next year, and every Gewog will have a farm shop each.

*vii. Gewog banks*

As pledged, the government has established Gewog banking services through BDBL in 176 gewogs. The objective is to increase the outreach of banking services in the rural areas and to promote financial inclusion. Remaining 29 gewogs will be covered by the end of this month.

I am happy to report that there are already 7,854 bank accounts opened by our rural people. I request all our people in the gewogs to open bank accounts and save money.

*viii. Rural businesses*

In order to promote rural businesses, the government provides tax exemptions. In the last financial year, a total of 11,571 small businesses were exempted from paying business income taxes. As a result, Nu.22 million was waived off. The sole objective for considering tax exemption is to make rural businesses profitable. The profits retained by the business firms must be used to expand businesses.

Two years ago, the government has established Better Business Council. The Council provides institutional arrangements for regular dialogue and alliance between public and private sectors. This year, the Dzongkhag Administrations have been instructed to establish Better Business Committees at the Dzongkhag level to encourage and promote rural businesses.

*ix. Rural Enterprise Development Corporation Ltd. (REDCL)*

To start new business or expand farming or husbandry, people need capital. So far, 2,075 loans were approved for farmers amounting to Nu.424 million by the BOiC. In addition, BOiC also approved 269 loans for CSIs amounting to Nu.273 million.

The deployment of Revolving Funds (RFs) under the Economic Stimulus Plan (ESP) through BOiC has so far boosted the economic development in the country, particularly in rural areas. However, considering the legality issue raised in the Parliament, the government had closed down the BOiC. The government has created “Special ESP MSME Financing Window” in BDBL for deployment of RF-I and established a new SOE named REDCL to carry out the activities related to RF-II. REDCL will accelerate concessional loan programmes for rural people. It will open branch offices in all 20 dzongkhags.

*x. Non-formal education (NFE)*

Non-formal Education continues to play a key role in providing basic literacy and functional skills amongst the adult population, particularly to dispersed and marginalized group and women in rural areas. The government has reviewed the NFE programme to identify the existing gaps, and provide pointers for future direction.

The review findings showed that 98% of the respondents found the programme helpful to read and write; 96% to take better care of their family; 94% do simple

calculations; 88% to guide their children/siblings in studies; 85% to establish small businesses; and 78% to participate in election. The review also revealed that 80% of the NFE graduate and 90% of the NFE instructor were satisfied with the content of the NFE programme.

Currently, adult literacy rate stands at 55%. To accelerate the learning outcomes and to achieve the target of 70% adult literacy rate by 2017 and near 100% by 2020 as outlined in the 11<sup>th</sup> Five Year Plan, the government has finalized NFE operational guidelines and NFE monitoring tools. The government also conducted orientation to the DEOs/principals, and NFE focal person, besides conducting orientation to the eight Dzongkhags on the revised curriculum. NFE is an important way of educating adults. The MoE is currently studying the possibility of starting new and advanced courses in NFE to keep abreast with the need of time and also to attract more learners.

*xi. Helicopter services*

The government has started helicopter services since last year. In just about eight months of its operations, it has immensely benefited our populace, particularly with medical evacuation. As of now, 50 critically ill patients were evacuated from rural areas within eight months.

The helicopter service is also necessary and useful for disaster response, critical development works and also for the people of Lunana and other gewogs with no roads. Upon the request of the people of Lunana Gewog in Gasa and considering that RGoB is not spending much for developmental activities in remote gewogs comparatively, the government has approved 50% subsidy on the rates determined by Royal Bhutan Helicopter Services Limited for people in Gewogs with no motorable roads to their Gewog Centres.

I would like to announce that the second helicopter has arrived last week and has started providing services.

*xii. Crop insurance*

Crop failure and damages due to lack of rain or due to hailstorm, pests and diseases outbreak, human-wildlife conflict has become source of anxiety for the rural community. In this regard, the government will study the possibility of starting crop

insurance scheme starting this year. Similarly, the government will also look at the possibility of starting insurance for livestock.

*xiii. Increase life insurance*

The existing rural life insurance scheme was started in 2009. Only Nu.15,000 is granted upon death of a member. On the other hand, cost of funeral rites has increased significantly over time. Therefore, the government is studying the possibility of increasing life insurance scheme for the rural population.

*xiv. Poverty reduction programs*

A total of 104 villages were identified for targeted support from government under the Rural Economy Advancement Programme for the 11<sup>th</sup> Five Year Plan. Of it, 75 poorest villages are supported with Nu.86 million - 41 villages by Tarayana Foundation and remaining 34 villages by respective LGs. These villages receive supports in the form of agriculture machineries, income generating activities and improvements in housing and nutrition.

In addition, 3,154 poorest households were also identified. Socio-economic survey has been completed for these poorest households and intervention plan is being prepared by the GNH Commission Secretariat.

Our beloved His Majesty is deeply concerned of the difficulties faced by our people. His Majesty has been visiting all parts of our country to assess the difficulties faced by rural people. In the last one year alone His Majesty has travelled to:

- a. Villages of Merak and Sakteng in Trashigang in May – June 2015 accompanied by Her Majesty the Gyaltsuen. During the visit, His Majesty met the people, heard their concerns and shared the national vision with the people.
- b. Numerous villages in Chhukha in October 2015 accompanied by Her Majesty the Gyaltsuen. During the visit, His Majesty granted land and citizenship kidu to the people. His Majesty also celebrated Dashain with the Lhotsham community in Lobneykha.
- c. Takila and Lhuentse soon after the Royal Birth of HRH The Gyalsey in March 2016. His Majesty also graced the Gom Kora Tshechu during the visit.

- d. Just last week, His Majesty visited Lhuentse, Mongar, and Samdrupjongkhar accompanied by Her Majesty the Gyaltsuen and HRH The Gyalsey. This visit was significant as HRH's first visit to the east, and also the first visit to Dungkhar, the ancestral home of the Wangchuck Dynasty. His Majesty introduced HRH the Gyalsey to the people of the east. His Majesty also visited villages in Samdrupjongkhar and granted land kidu to the people of Dawathang in Jomotsangkha.
- e. 814 elderly people continue to receive monthly stipend as His Majesty's *soelra*.

Under the National Rehabilitation Programme, a total of 245 households with 1,775 people have been rehabilitated in five Dzongkhags:

- a. 44 households in Khenadang and 51 households in Borangmo in Pemagatshel Dzongkhag
- b. 51 households in Nye in Lhuentse Dzongkhag.
- c. 31 households in Dawathang in Samdrupjonkhar Dzongkhag. This project has changed the lives of 31 families, who were initially landless and lived in inaccessible parts of the country.
- d. 68 households in Bebji in Haa Dzongkhag.

The above programme was implemented at the cost of Nu.194.111 million. In addition to the above, His Majesty also granted:

- a. 665.67 acres of land *kidu*.
- b. Support in building homes, starting agriculture business, and access to water, electricity, healthcare, education and road.

An important feature of the land kidu granted to the people of Dawathang is the kidu on user-right basis, which is a noble vision to protect the limited and precious agricultural land in Bhutan. Under this scheme, beneficiaries received the right to use the land granted to them for agriculture, with the provision that if the family chose not to farm the land any longer, instead of being left fallow, the land would be given to another family who would continue to farm the land. This ensures that land

is not left fallow when families chose to move to urban areas or give up farming. This has far –reaching impact on national economy.

I am happy to report that the livelihood of these people who were rehabilitated has improved significantly as per the independent evaluation report of GNHC Secretariat. They are all happy and grateful to His Majesty the King.

## **WOMEN**

Bhutan is admired by the world for many reasons. The reasons include having our benevolent monarchy, unique culture and traditions, pristine environment and young but vibrant democracy. Our country is also known for gender equality. Many foreigners are impressed at how equal our women are to men. And, we are proud of it ourselves.

However, the GNH survey shows that overall, our women are less happy than men. Our women are burdened by unpaid household chores and are unable to engage fully in economic activities or participate in political affairs. Hence, the government is focusing on providing assistances to women:

- a. Maternity leave in civil service has been extended from three to six months. Initially, it will be difficult for organizations but if we work together to solve small issues, it will eventually prove to be beneficial to our women and children. Other organizations such as the State-Owned-Enterprises should also increase the maternity leave to six months. In the private sector, there are some difficulties. But let's work together to provide same benefits to all women across the country.
- b. For the benefit of working mother and children, the government has initiated setting up crèches in all government agencies. So far, seven government offices have opened crèches in their office premises. I would like to urge all corporate, non-governmental and private offices to provide such facilities to our working mothers and children.
- c. A special taskforce is studying the possibilities of how and what nutrition supplements are required to be provided. To begin with, the government will

target expectant and breast-feeding mothers.

- d. Currently, there are 251 Early Childcare and Development (ECCD) Centers in the country. This financial year, 30 more ECCD centers will be developed and the government hopes that this will help our women. ECCD centres are not only helpful for development of child but also a big help to mothers.
- e. The government has also directed REDCL to develop special schemes for women.

But, the main strategy lies with educating more girl child. We must provide more opportunity to women. Currently:

- a. Primary schools: percentage of girls to boys is 49.5%.
- b. Secondary schools: percentage of girls to boys is 51.5%.
- c. Colleges: percentage of girls to boys is 45%.

In education, gender balance is almost achieved. But we need to work hard in improving gender balance in jobs. Currently:

- a. Civil service: percentage of women to men is 34.7%.
- b. Elected offices such as Parliament and LGs: percentage of women to men is only 6.8%.

This year, His Majesty the King has appointed one more lady Dzongdag and also awarded red scarf (*nyikelma*) to Lyonpo Dorji Choden. It is good news for our women to draw inspiration.

Women constitute almost half our total population and we must work towards improving their living conditions. And, the responsibility lies on all of us, not just the women, or the government.

## **EMPLOYMENT**

The GNH survey indicates that the government needs to do more to create jobs.

According to the findings of the Labour Force Survey 2015, national unemployment rate has decreased from 2.6% to 2.5%. But youth unemployment has increased from 9.4% to 10.7%. This works out to 4,504 youth, mostly living in urban areas are unemployed. In the past year, the Ministry of Labour & Human Resources has placed:

- a. 3,579 job seekers in private, corporate and government organizations.
- b. 1,296 job seekers through Guaranteed Employment Scheme. The Guaranteed Employment Scheme provides an opportunity to support transition to work, promote dignity of labour and provide skills training in critical areas/sectors that are high in demand for a maximum of two years. I would like to encourage job seekers and employers to use this government support.
- c. 1,439 job seekers are employed overseas in India, Qatar, UAE, Kuwait, Japan, Israel, Malaysia and Thailand. We have received feedback that Bhutanese in particular our youth and women working abroad are doing a good job. Besides, working hard and sending home money, they are gaining experiences which will prepare them to take up various entrepreneurial businesses when they return home. In order to help them, the government requested Royal Monetary Authority to allow them to open foreign currency accounts. The government hopes that this will be made possible this year itself.

The government supports to generate self-employment in cottage and small scale industries. In this pursuit, the government has provided entrepreneurship trainings to 354 youth in the last one year. 2,156 business startups have been supported by BOiC.

There are ample opportunities to create self-employment in the agriculture, livestock and forestry sector. Therefore, the Ministry of Agriculture & Forests (MoAF) will be implementing the following activities:

- a. Formation of farmers' groups and cooperatives: Each group has potential to create at least three employment opportunities. A total of 1,370 jobs can be created in the 11<sup>th</sup> Five Year Plan.
- b. Non-Wood Forest Products (NWFP): plantation of high value timber products

such as teak and bamboo. It has scope to create about 750 jobs.

- c. Commercial farming with PPP and FDI: It has potential to create about 4,397 jobs in the 11<sup>th</sup> Five Year Plan.
- d. Promotion of agribusiness enterprises and farming.
- e. MoAF is piloting projects to help out-of-school youth to start agriculture farming.

I would like to appeal to our job seekers to look out for such job opportunities and come forward with business plans for government support.

In addition, the National Workforce Plan has been developed to bridge the gap between supply and demand of workers in tourism, construction and production sectors. A Technical and Vocational Education and Training Blueprint has also been developed to increase the capacity of TVET and to improve quality of trainings.

## **GOVERNMENT SERVICES**

The GNH survey shows that generally people are satisfied with services in areas of health, education, water supply, electricity, roads and communication. However, the survey also indicates that some people are not happy with the government services such as in education and health services, in fighting corruption and in creating jobs.

This is a cause for concern. People feel that government services are not reaching them. Hence, the government is making concerted efforts to improve delivery of service in three ways:

- a. *Government Performance Management System (GPMS)*

The GPM system focuses and measures results and not plans. People want to see the results, as this is what it impacts all of us. We are into the third year and I would like to report that, it is going well. All yearly plans, budgets and human resource assessments are based on GPMS's Annual Performance Agreement (APA).

Very recently, delegations from UNICEF and Government of Bangladesh visited us to learn more about our system. On behalf of the government, I would like to thank

all civil servants and local government functionaries for actively participating and supporting this system.

*b. Government to Citizen (G2C)*

The government currently provides 51 G2C services online. For example, security clearance, birth registration, rural timber permit, micro trade license, labour permit, passports and audit clearance, to name a few. G2C is an important platform for delivering public services efficiently at minimum cost to the public. It also helps to bring down corruption.

*c. Decentralization*

Decentralization is one important way to improve government service delivery. Without strengthening decentralization, services to people will not improve and rural areas will not be developed. Our beloved Fourth Druk Gyalpo has initiated decentralization of decision making powers to the grass root institutions:

- a. In 1981, Dzongkhag Yargay Tshogdu was introduced.
- b. In 1991, Gewog Yargay Tshogchung was introduced.
- c. In 1998, full executive power was decentralized to the elected Council of Ministers.

His Majesty the King has further decentralized powers to the people by introducing democracy and adopting our great Constitution in July 2008.

Therefore, the government must promote decentralization to realize our His Majesty's vision for the people. This financial year, Nu.12,347 million or 47% of total capital budget has been allocated to Local Governments. We need to do more to empower Local Governments with authorities to use the budget allocated to them. In 2013, the government introduced Gewog Development Grant (GDG) and we received positive feedback. Local Government leaders used this grant to implement over 3,000 small projects in the last two years and people are very happy about the progress. From this year, the government is strengthening Dzongkhag Tshogdus by providing Dzongkhag Development Grant (DDG) of Nu.7 million per Dzongkhag. With GDG experience, the government is confident that Dzongkhag Development Grants will be used very meaningfully for the benefit of our rural people.

In addition, the government also provided an average of Nu.5 million per Dzongkhag for Human Resource Development. It is the first time that training budget is being allocated to the Dzongkhags. But, this is not enough. We must do more to strengthen decentralization. Last year, the government has allocated Nu.147 million to buy utility vehicles for all 205 gewogs. However, the purchase of vehicles was deferred until Local Government elections are completed. Local Governments will set up a system and decide how to use this year's budget.

The government will also look at possibilities of increasing the GDG and DDG in future. The goal is to provide grants to Gewogs and Dzongkhags so that they decide on how to use the grants for the benefit of the local people. Similarly, Local Governments must also be provided with more authority over human resources. Today, most of the authority to hire, promote, train, transfer staffs lies with the central government. We need to study on the ways to genuinely decentralize these authorities to Local Governments.

One big achievement in decentralization is the finalization of Dzongkhag Thromdes. Dzongkhag Thromdes are important because our Constitution provides for a Thromde each in all 20 Dzongkhags. But, more than that Thromdes are required for balanced regional development. Each Dzongkhag must have at least one proper *throm*.

- a. *The first step* towards establishing Dzongkhag Thromdes was to finalize boundaries for 20 Dzongkhag Thromdes and 20 Yenlag Throms. We are all aware that the boundaries have been finalized by the Parliament in its three different sessions. I would like to thank all Members of Parliament and Local Government members for being involved in completing the process. It was a difficult process, but a very important one. We can change boundary only once every 10 years and that too, will be difficult, as we require three-fourth supports in the joint sitting of the Parliament.
- b. *The second step* will be to establish Thromde Tshogdes. After the Election Commission of Bhutan has completed the Thompon and Thuemis' elections, civil servants should support Thromde Tshogdes. Almost all Dzongkhags already have municipal units under the Dzongkhag Administrations with separate staff and separate budget.

- c. *The third step* will be for the Thromde Tshodges to take charge of the core town area.
- d. *The fourth step* will be for the Thromde Tshogdes to develop the town beyond core area. This will take some time as careful planning is required depending on the population and economic opportunities.

Here, I would like to take the opportunity to clarify three issues:

- a. *Agricultural land*: Agricultural land will remain as it is and there is no need to worry.
- b. *Land pooling*: There will not be large-scale land pooling and here too people need not worry. Respective Thromde Tshogdes will take charge of the core town area first and then gradually expand for development in extended areas.
- c. *Tax*: People will continue to pay rural taxes as long as urban services are not provided. So, for agricultural land falling within vicinity of the *throm* rural tax rates will continue to apply.

## **ENVIRONMENT**

According to the GNH survey, people feel less responsible for conserving environment. This is not good, as preserving environment is one of the main pillars of GNH. Our country is famous for environmental conservation. Our conservation efforts are a big success for a small country and we are an example to the world. The UNFCCC and COP 21 have acknowledged Bhutan's efforts and successes in preserving the environment. This is possible, all because of our Monarchs. We need to continue protecting our fragile environment.

The importance of our environment is expressed in the profound wisdom of His Majesty the King who at the inaugural of the Royal Bhutan Flower Exhibition in April 2015, said that "*Where we live must be clean, safe, organized and beautiful, for national integrity, national pride, and for our bright future. This too is nation building*"

While the Bhutan Trust Fund is helpful in our pursuit for protecting environment. I am pleased to inform that under the command and guidance of His Majesty, two new funds are being established:

- a. *Bhutan for Life*: To conserve our protected areas; and
- b. *Earth for Life*: To conserve the world's protected areas.

Recently, the government has established Green Bhutan Corporation as a State Owned Enterprise to plant trees, look after it and also to promote floriculture.

In addition, the government will carry out public consultation to operationalized wildlife sanctuary in Jomotsangkha. The government is also reviewing the Biodiversity Act.

## **CULTURE AND RELIGION**

According to the GNH survey, our people want culture to be strengthened. Preservation of culture is an important pillar of GNH. This year, Nu.2,330 million has been allocated for renovation, restoration and re-building of Dzongs and major cultural heritage sites:

- a. Gasa Dzong, Trashigang Dzong and Paro Taa Dzong are being renovated.
- b. Wangduephodrang Dzong and Drukgyal Dzongs are being rebuilt. The *Rabney* for new *Kuenrey* of Wangduephodrang Dzong was held on 20 April 2016. Drukgyal Dzong is being rebuilt to commemorate the Birth of His Royal Highness Gyalsey Jigme Namgyel Wangchuck.
- c. Wangdichholing Palace and Phajoding heritage site are being restored.
- d. 34 Government owned lhakhangs across the country are being renovated.
- e. Two new Dzongs in Pemagatshel and Sarpang are also being constructed.

According to GNH survey, 52% of the total population feels that spirituality is declining. This is a cause for concern for a Buddhist nation. His Holiness the Je Khenpo is working hard to spread Buddhist teachings. His Holiness has been on retreat for one year, starting from January 2015 to April 2016. Both during and after the retreat, several religious activities were performed or presided by His Holiness

amongst many others:

- a. Presided over Moenlam Chenmo in Samtse, S/jongkhar, Lhuentse, Dagana, Haa Dzongkhags.
- b. Performed nation-wide *kurim* for protection against natural calamities.
- c. Performed seven-day *Jig-jey* prayers and *Legoen Buum* for national well-being and safety.
- d. In August 2015: Launched Dratshang's *zhabtog* for funeral and post funeral rites in Thimphu Mithrub Lhakhang.
- e. In November 2015: Performed *tshepaymey* prayers for His Majesty the Druk Gyalpo at Namdroling Dratshang, Autsho. *Gungka kurim* at Namdroling Dratshang, Autsho for His Majesty the King.
- f. In December 2015: Performed *Gungka kurim* for His Majesty the King in Punakha Dzong.
- g. December 2015: performed *Kurim* for the good health of His Majesty the Gyaltshen and the Royal Prince across the country.
- h. Performed three-day Zhabdrung *Dangnam Mai Tshogkor kurim* with *Losum Choesum* monks for the Gyalsey.
- i. January - February 2016: *Kuntsham* in Tashichhodzong till the birth of HRH the Gyalsey and conducted *Tshepaymey Wang* in Tashichhodzong.

Likewise, Zhung Dratshang, Lams, Lopens, Chhoedheys and Pandits all over the country offered prayers. That is why, we continued to enjoy peace, prosperity and happiness. I would like to thank all our religious leaders.

Since Lam Netens are required to travel both within and outside the Dzongkhag, the government will be providing a Toyota Hilux each to all Lam Netens of 20 Dzongkhags. On Royal Command, the government is also studying the possibility of providing remunerations to caretakers of lhakhangs (*kuenyers*). Currently, there are 2,126 lhakhangs, of which 1,098 are community lhakhangs, 610 private lhakhangs, 40 lhakhangs owned by *Latruls* and 378 are government owned lhakhangs.

Last year, I requested our people of 20 Dzongkhags to repair chortens as our gift to His Majesty the King. I am happy to report that today most chortens around the country have now been repaired. Of the total of 10,020 chortens, 2,584 were damaged. As of date, 1,908 chortens have been repaired and still 676 chortens need to be repaired. I would like to appeal to all people, especially Local Governments, Dasho Dzongdags and Lam Netens to coordinate for repairing all the remaining chortens. These chortens were built by our forefathers as alternate to dharma practice and as protection against natural calamities. They built it not for themselves but for future generations. Therefore, the benefits from repairing chortens will be immense, and more so this year being a very auspicious year.

His Majesty has gifted a Shiva *Mandir* in Samtse to the Hindu community. The Shiva *Mandhir* is already becoming famous among the Hindu community. His Majesty has also personally guided the construction of the *mandhir* in Thimphu and has commanded that another *mandhir* be built in Gelephu. The existing *mandhir* in Jomotsangkha is to be repaired. All these *mandhirs* will benefit the Hindu community.

I am happy to report that for the benefit of the Bhutanese pilgrims, the government will be constructing a lhakhang in Lumbini, Nepal.

## CONCLUSION

This year's State of the Nation was not to report the progress of the government. Therefore, I did not report many important works. Please forgive me in this regard. I presented the State of the Nation based on the GNH survey of 2015. The Centre for Bhutan Studies & GNH Research has conducted two GNH surveys so far and there was a baseline to make a comparison. The release of the 2015 survey findings was timely for the government. It was released during the mid-way of the government's term and it provided good opportunity for the government to use survey results. The survey has come up with significant findings for the government to consider. The government will take the findings seriously and work hard to improve government policies and plans.

The Mid-Term Review of the 11<sup>th</sup> Five Year Plan was conducted for 10 ministries and central agencies, 20 Dzongkhags and four Thromdes. I would like to thank the organizers, civil servants, Local Government officials and the public for taking part in the discussion. The MTR reviewed all 16 National Key Result Areas (NKRAs) and 59 Key Performance Indicators (KPIs). Some of the NKRAs and KPIs have been achieved and most of them are on track. The government will give special attention to employment and poverty reduction, which was amongst the "at risk" indicators. Similarly, there are 6,154 Key Performance Indicators (KPI) for the Ministries, Dzongkhags, Gewogs and Thromdes. The MTR shows that 3,002 indicators were achieved; 2,962 indicators on track and 190 indicators at risk. Each of the "at risk" indicators were discussed, analyzed and addressed. This is the result for first two years only. Now many more indicators would have been achieved even as I present this report to Parliament. The GNH Commission and National Statistical Bureau (NSB) will be verifying the results. I am visiting all Gewogs to monitor the 11<sup>th</sup> Five Year Plan works. So far, I have visited 102 Gewogs. I look forward to visit the remaining 103 gewogs this year. I would like to thank the Local Government members and public for giving me the opportunity to meet and discuss developmental issues with them.

The total outlay for the 11<sup>th</sup> Five Year Plan was Nu.213 billion. Domestic revenue was projected at Nu.140 billion. In the first two years, actual domestic revenue was Nu.6 billion more than the projected. Similarly, external grant was projected at Nu.58 billion initially. However, after the 12<sup>th</sup> Round Table Meeting held in 2013,

total grant aid was revised to Nu.68 billion. The total grant aid has been revised again after the MTR to Nu.65 billion. That is, an increase of Nu.7 billion. Of the total grant aid, Nu.45 billion for the 11<sup>th</sup> Five Year Plan and Nu.5 billion for the Economic Stimulus Plan was from the Government of India. I would like to thank GOI for their continued support. I would also like to thank Japan, European Union, Austria, Asian Development Bank (ADB), World Bank, United Nations (UN), and other countries for their supports.

Because of good domestic revenue combined with increased external grants, the fiscal situation in the first two years has been healthy. In the first two years, the fiscal deficit projected was 3% of Gross Domestic Product (GDP) per year or Nu.10.65 billion. But in reality, there was a fiscal surplus of Nu 6,193 million. The government borrowed less compared to what was projected in the annual budgets.

After the MTR discussions, the overall 11<sup>th</sup> Five Year Plan outlay is expected to increase slightly. The capital outlay will increase mainly due to ongoing works on roads and central schools and the recurrent outlay is expected to remain as projected, in spite of increased spending for central schools. The government will incorporate results of GNH survey in the revised and reprioritized 11<sup>th</sup> Five Year Plan to enable us to implement the significant survey recommendations during the remaining two years of the Plan. Once GNH Commission has finalized the 11<sup>th</sup> Five Year Plan revisions, the Lhengye Zhungtshog will endorse it.

But, we must know that enhancing GNH is everyone's responsibility. It is a collective pursuit altogether. The government, CSOs, private sector and all people require coming together and working hand-in-hand to enhance our happiness.

As I reported earlier, overall, GNH is increasing. We are enjoying the gift of our Fourth Druk Gyalpo. Under His Majesty's leadership, GNH is an example and inspiration to the whole world.

This year, on 9<sup>th</sup> December, His Majesty will be completing 10 years on the Golden Throne. On behalf of the government and the people, I would like to offer our most profound thanks to His Majesty for His hard work, services and counsel. All people are proud of our King.

We, the people have an important responsibility to fulfill collectively. That is, to make our King proud of us. For this, we need to work hard remembering His Majesty's profound thoughts shared in His Address to the Nation during the 106th National Day celebration at Changlimethang, "*It is neither a case of the Bhutanese lacking capability nor a case of insufficiency of resources to overcome these challenges. It is a question of Bhutanese people rising to the occasion and shouldering greater responsibilities.*" Therefore the government and people must work hard together in shouldering greater responsibilities to fulfill His Majesty's vision.

We must work together to realize His Majesty's vision:

- a. To enhance security and sovereignty of our country,
- b. To enhance peace, prosperity and happiness of our people,
- c. To build a vibrant and strong democracy, without corruption, and finally
- d. To build a just, equitable and civil society.

In concluding, I offer my humble prayers to the *TSA-WA-SUM*:

- a. ***His Majesty the King***: I pray for the continued good health, long life and wellbeing of our His Majesty the King and Members of the Royal Family. On behalf of the people, I would like to offer our gratitude to His Majesty the King for the wise leadership, services and counsel. Most importantly, I offer my humble gratitude to His Majesty the King and Her Majesty the Gyaltseen for the most precious gift granted to the people in this most blessed year.
- b. ***The Country***: I pray for the continued peace and security of our nation. I would like to express my deep appreciation and reverence to His Holiness the Je Khenpo, the Zhung Dratshang and Choedheys for their prayers for the continued peace and security of the nation. Let me also thank all Hon'ble Members of Parliament, the Judiciary, the Executive, Armed forces, civil servants, Corporate and Private sectors, and CSOs for playing critical roles in various capacities for securing and building our nation.

- c. ***The People:*** I pray for the continued unity, prosperity and happiness of our people. I would like to thank all Bhutanese for living in harmony with *Tha-Damtshe-Lay-Jumdre*, for working hard and for offering prayers for good health and wellbeing of our His Majesty the King. It is because of our oneness in feelings and actions that we have accumulated collective merits (*chithuen-gi-soenam*). And, it is because of our collective merits that we were blessed with a precious gift this year. We are proud to be Bhutanese!

**TASHI DELEK.**